



DAILY BRIEF

From April 2, 2009

Even though the Senate was in Session on Thursday, it was a relatively quiet day in Tallahassee. The Senate did pass one of AIF's priority bills for the session – [SB 360](#) Relating to Growth Management by [Senator Mike Bennett \(R-Bradenton\)](#). This legislation seeks to relax some of the strict growth management regulations in the state so that businesses looking to expand or invest in Florida can do so with out too much government oversight.

Tomorrow, the House Insurance Committee will be considering a major piece of property insurance legislation, [HB 1495](#) by [Representative Bryan Nelson \(R-Apopka\)](#), which implements many of the AIF-supported recommendations of the Citizens Insurance Mission Review Task Force. This legislation is a good first step towards bringing back the private property insurance market to Florida.

ESP 2.0

The [House Finance and Tax Council](#) unanimously passed [HB 485](#) Relating to Fast Track Economic Stimulus for Small Businesses by [Representative Will Weatherford \(R-Wesley Chapel\)](#). This legislation is a top priority for AIF, and is included in our *Economic Stimulus Package 2.0* (ESP 2.0). This measure is touted as one of the most innovative ways to attract both private and public funds into the Florida market.

The bill would create the New Markets Investment Program in Florida where venture capital would be placed into low-income community businesses where capital is needed, and support to stimulate the local economy is necessary. The program would leverage almost \$26 billion in federal funds and would immediately place Florida as one of the most attractive states for investors looking to invest in local businesses. The program has the potential to have a total economic impact of \$6.3 billion over the next ten years, and is expected to incite some \$250 million in private sector investment immediately. It is also expected to create almost 4000 jobs in its first year.

Jose L. Gonzalez, AIF's Vice President of Government Affairs testified in support of the bill and thanked Representative Weatherford for his tenacity on this piece of legislation. This is the second year, Representative Weatherford has sponsored this bill and it looks as the legislation will be passed this year. Furthermore, Gonzalez testified that the proposal was timely and targeted as low income communities in our state need this type of injection of capital now more than ever.



[HB 485](#) will now be considered on the floor of the House of Representatives.

AIF is an ardent supporter of this legislation. Not only will this create jobs and stimulate economic activity in the state, but it will also foster growth in some of the most depressed areas of Florida. Growth and economic activity are job drivers for the state's economy and programs like the New Markets Development Program are just one way that Florida's economy can get back on track.

Growth Management

Today, [SB 360](#) Relating to Growth Management by [Senator Mike Bennett \(R-Bradenton\)](#) was approved (32-8) by the Florida Senate. The bill has changed somewhat from its original filing, in that the exemption for projects from both transportation concurrency and the DRI process is now limited to urban service boundary areas of those defined counties and cities. The bill still enjoys broad, although somewhat muted support from large developers. This is because some of the largest projects are beyond the urban service boundaries. Overall, the legislation remains a bill that its sponsors say cannot be amended for fear of losing DCA support.

[SB 360](#) will now move to the House where it will be referenced to committees.

AIF supports this measure as a way to stimulate Florida's economy through low cost regulatory measures that seek to reduce unnecessary government oversight.

Taxation

Today, the [House Government Operations Appropriations Committee](#) unanimously approved proposed committee bill (PCB) **GOA 09-01**. This is the annual corporate "piggyback" bill for Florida. The bill aims to update the Florida Income Tax Code to reflect changes Congress made to the United States IRS Code effective January 1, 2009. However, the bill contains provisions that have the effect of not adopting three changes that reduce corporate income tax receipts in FY 09-10 and FY 10-11.

The bill accomplishes this by extending the provisions dealing with bonus depreciation in [SB 1112](#) Relating to Corporate Income Tax by [Senator Thad Altman \(R-Melbourne\)](#) for another year, meaning corporations will not be able to take advantage of federal bonus depreciation provisions. In addition, the bill requires taxpayers, taking advantage of the federal provisions allowing for deferral of cancellation of indebtedness (COD) income, to add the deferred income for Florida tax purposes and then subtract the amounts added to federal taxable income in later years.

GOA 09-01 will now be assigned a bill number referenced to committees.

This is the 2009 "piggyback bill" for corporate income tax; and in view of the problems from 2008, AIF is thoroughly examining it and will have our experts verify its accuracy. We had also hoped the state would have allowed for Florida companies to take advantage of bonus depreciation and the cancellation of indebtedness provisions in the federal act, but the state's budget crisis has prevented it once again.

Transportation

Today, the [House Transportation and Economic Development Appropriations Committee](#) finished their work on their budget this morning after a scramble by Republicans to secure enough votes. As we reported, the committee's budget proposal discussed earlier in the week was flush with over \$800 million dollars in new fees. These new fees, cast as "user" fees, cover a myriad of areas all related to the transportation sector. Some of these fees would include doubling all vehicle registration fees, charging for driver history records, increasing vehicle title fees, increasing initial registrations fees, and doubling the highly controversial rental car surcharge. To the dismay of many interested parties including AIF, the committee had proposed raising \$837 million in new fees with close to 90 percent (\$726 million) going to General Revenue and not to the Transportation Trust Fund.

However, the committee adopted two important amendments to the proposed budget. The first amendment by [Representative Jennifer Carroll \(R-Jacksonville\)](#) deleted the rental car surcharge portion of the budget. This increase would have raised the fee from \$2 to \$4 and raised approximately \$100 million in new revenues. However, **Representative Carroll** and [Representative Mike Horner \(R-Kissimmee\)](#) both spoke out against the increased fee. The concern arose around its regressive effect on the tourism industry, which is one of the state major revenue generators.

The second amendment adopted was proposed by **Representative Horner** will direct many of the new fees to the Transportation Trust Fund in the year 2016. The Committee Chairman, [Representative Rich Glorioso \(R-Plant City\)](#), supported the amendment and argued that his amendment will allow for the new revenues to help aide the current budget crisis, and will then be dedicated to the state's transportation needs for the future. [Representative Steve Bovo \(R-Hialeah\)](#) led a bevy of committee members who stated that they supported the amendment and would like to see the new revenue allocated to the State Transportation Trust Fund as soon as possible.

Once the amendments were adopted the Committee began debating the budget as a whole. Many Democrats on the committee spoke out on the measure and after 20 minutes of debate the committee took an abrupt recess so both Republicans and Democrats could get all of their votes to committee. In the end the budget passed by a vote of 8-5.

The Senate Budget passed out of **Senator Fasano's** committee and is vastly different. It does not contain some of the new fees that the House version includes and raises approximately \$400 million in new fees, roughly half of the House's budget. Similar to the House budget the Senate versions raised title fees, vehicle registrations, and driver's license fees. It does not however implement the broader versions of those fees that the House does. Additionally, there is no provision in the state budget that dedicates the fees to the Transportation Trust Fund in a specific year.

The House and Senate will leave for a mid session break next week and will begin finalizing their budget process when they return.

AIF will continue to monitor these negotiations and report to our members.